

STATE OF IDAHO
STATE CONTROLLER'S OFFICE
EMPLOYEE INFORMATION SYSTEM
ADVANCED EARNED INCOME CREDIT FORM
(MUST BE ACCOMPANIED BY W-5 FORM)

F L D #	FLD NAME
	DATA

38 41 42 80

USER	ORG #	SSN	EFFECT DATE	EMPLOYEE NAME	PAY LOC

1 4 7 16 21

ID	TRAN	C	1	FED
			6	CIRCLE ONE
D1	320	R	4	**S OR *M

22 24 27

**S = SINGLE FILING W-5 OR MARRIED WITH ONE SPOUSE FILING W-5, OPTION 001.

*M = MARRIED WITH BOTH SPOUSES FILING W-5, OPTION 002.

ID	TRAN	C	DED	4	STATUS	4	OPTION	4	APP
				5		5	CIRCLE ONE	6	
F1	330	N OR R	399	8	y	2	**001 OR *002	0	4

22 24 27 28 30

When an employee no longer qualifies for Earned Income Credit, change the federal indicators with an IPOPS Personnel action to automatically inactivate the earned income credit deduction.

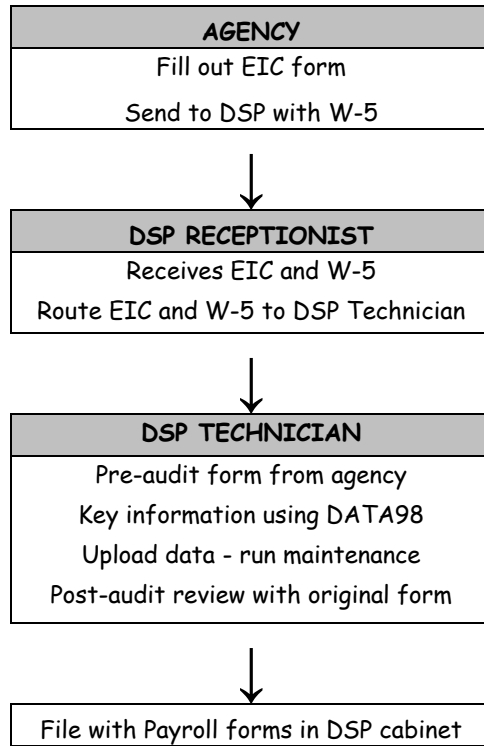
PREPARED BY	DATE	EMPLOYEE SIGNATURE	DATE

Note: The EIC advance payment certificate (W-5) expires on December 31st of each year. A new certificate must be filed for the next year, if the employee qualifies. For this reason, these deductions will be inactivated automatically, as of December 31st, during the calendar year end process.

EMPLOYEE INFORMATION SYSTEM MANUAL

ADVANCED EARNED INCOME CREDIT FORM EIS-EIC

Flow Chart for EIS-EIC



EMPLOYEE INFORMATION SYSTEM MANUAL

ADVANCED EARNED INCOME CREDIT FORM EIS-EIC

Purpose: This form is used for setting up advanced earned income credit for eligible employees. The Earned Income Credit Advance Payment Certificate (W-5 for the current calendar year) must be filled out and sent in along with this form.

Distribution: Original - Controller's Office

Eligibility: See W-5 instructions. View the short questionnaire to find out if you are eligible for Earned Income Credit.

Complete the form and route as follows:

Send original of EIS-EIC to the Division of Statewide Payroll, State Controller's Office along with a copy of the W-5 form.

Procedures: When needed, print the form above.

Each year when establishing or reestablishing at the beginning of the calendar year you **must** circle the '**N**' for **New** on the EIS-EIC form. '**R**' for **Revision** is only circled when changing in the middle of the calendar year.

Once the EIC form is processed, a 399 deduction is established for the employee and the Federal tax-exempt indicator is either a 'S' or a 'M' (instead of the 'N'). The payroll system calculates Earned Income Credit in the following manner:

The employee's pay period Federal Taxable Gross (gross pay plus taxable fringe less any tax deferred deductions) is multiplied by 26 (number of pay periods in year) to calculate an annual Federal Taxable Gross amount. Once this annual taxable gross has been defined, system uses the table provided by IRS to calculate the annual Earned Income Credit. This table is found in IRS Publication 15 for the current calendar year, section titled 'Tables for Percentage Method of Advanced EIC Payments'. Table 7 (Annual Payroll Period) is the table the system refers to. Once the Annual Earned Income Credit has been arrived at, divide it by 26 to come up with the EIC pay period amount.

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Example: The employee has filled out a W-5 claiming 'Married Without Spouse Filing Certificate' for calendar year 2003.

Employee's pay period Federal Taxable Gross = \$906.18 (gross pay of \$976.59 less PERSI deduction of \$70.41)
Annual Federal Taxable Gross = \$906.18 x 26 pay periods = \$23,560.68

Based on the W-5 the employee filled out; refer to IRS Pub 15, Tables for Percentage Method of Advanced EIC Payments - Table 7, column b,

\$23,560.68 is over \$14,370, so the EIC amount is \$1,528 less 9.588% of wages in excess of \$14,370.

$\$23,560.68 \text{ less } \$14,730.00 = \$8,830.68$
 $\$8,830.68 \times 9.588\% = \846.69

Annual EIC amount $\$1,528.00 - \$846.69 = \$681.31$

Employee's pay period EIC amount = $\$681.31 / 26 \text{ pay periods} = \26.20

Note: Please note an employee's pay period taxable gross amount can change each pay period. On a payroll where insurance is deducted an employee's taxable gross amount is less than a pay period where health insurance is not deducted. It is possible that an employee may be eligible for EIC on one pay period but not on another.

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ADVANCED EARNED INCOME CREDIT FORM EIS-EIC

Form Requirements

FIELD	EDIT	COMMENT
User:	The initials of person filling out the form.	Required. Length is 3.
Org #:	(3) digit code assigned to your agency.	Required. Length is 3.
SSN:	Employee's Social Security Number.	Required. Length is 9.
Effective Date:	This is a key field, but it will be defined per transaction.	Required. Length is 6.
Employee Name:	Employee's First & Last Name for identification purposes only.	Required.
Agency / Pay Loc:	Can be 2 or 4 digits depending on how your agency is set up with DSP.	Optional.
Prepared By:	The person who is completing the form and date signed.	Required.
Employee Signature:	The signed name of the employee and date form was signed.	Optional.

320 TRANSACTION

FIELD	EDIT	COMMENT
FEDERAL TAX EXEMPT ID FOR EARNED INCOME CREDIT (164)	<p>Federal Tax Exempt Indicators for the Advanced Earned Income Credit Only are:</p> <p>'S' = Single Filing W-5 or Married with one spouse filing W-5. Option 001. 'M' = Married with Both Spouses filing W- 5. Option 002.</p> <p>For the 320 Transaction the above tax exempt ID codes are listed on the EIS- EIC Form. One must circle one or the other ('S' or 'M'), then a copy of the employee's W-5 is required upon submission of the EIS-EIC Form to DSP.</p>	Required.

EMPLOYEE INFORMATION SYSTEM MANUAL
ADVANCED EARNED INCOME CREDIT FORM EIS-EIC

330 TRANSACTION

FIELD	EDIT	COMMENT
ID	Pre-printed with F1. Do not change.	Length is 2.
TRAN	330 Transaction is pre-printed.	Length is 3.
CHANGE CODE	Circle 'N' for new or 'R' for revise.	Required. Length is 1.
DEDUCTION CODE	Pre-printed, do not change.	Pre-printed. Length is 3.
STATUS	Pre-printed, do not change.	Pre-printed. Length is 1.
OPTION	Which ever one you have indicated either 'S' or 'M' on the 320 Transaction do the following: Circle '001' if Federal Indicator is 'S' or Circle '002' if Federal Indicator is 'M'.	Required. Length is 3
APPLICABILITY	Pre-printed, do not change.	Pre-printed. Length is 1.